

## **EXHIBIT R**

### **Trade Practice Violations**

Attach as Exhibit R, a list of rules prohibiting specific trade practice violations.

Chapter IV of the Rulebook governs trade practice prohibitions. The relevant trade practice provisions include:

#### **Rule 401 Business Conduct**

(a) Regulatory Compliance. No Participant or any of its Authorized Users shall engage in conduct that is a violation of the CEA or CFTC Rules, the Rules of the Exchange or the rules of the Clearing House and will conduct its business in accordance with all applicable laws, regulations, tariffs and rules, and in good faith, with a commitment to honest dealing.

(b) Fraud. No Participant or any of its Authorized Users shall engage or attempt to engage in any fraudulent act or engage or attempt to engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Exchange or Clearing House activity.

(c) Good Faith. No Participant or any of its Authorized Users shall knowingly enter, or cause to be entered, bids or offers into the system other than in good faith for the purpose of executing bona fide transactions.

(d) Transaction Integrity. Participants and their Authorized Users shall honor the terms and conditions of the Participant Agreement and will transact in Contracts only for legitimate business purposes, such as managing business risk or that otherwise have economic substance.

(e) Antitrust. No Participant or any of its Authorized Users shall collude with other market Participants to affect the price or supply of any commodity or Contracts, or otherwise unlawfully restrain competition.

(f) Risk Management. Participants shall adopt, adhere to and enforce risk management and other policies and structures that are designed to ensure that trading activities are conducted in accordance with the Rules.

#### **Rule 402 General Trading Practices**

(a) Skills. Each Participant and Authorized User is responsible for understanding all factors that influence the markets in Contracts in order to maintain a high level of competence in its trading.

(b) Rules. The Exchange will provide updates and amendments to these Rules and notices or advisories regarding the application and interpretation of these Rules. It is the obligation of each Participant and its Authorized User to ensure these documents are

read and understood. It shall be prohibited for a Participant and its Authorized Users to violate any Rule or any agreement made with the Exchange, or to engage in fraud, dishonorable or dishonest conduct, or conduct which is inconsistent with just and equitable principles of trade, even where a Rule does not specifically reference “Participant” or “Authorized User.”

(c) Price Manipulation, Fictitious, Non-Competitive or Artificial Transactions. No Participant or Authorized User shall effect or induce (or attempt to effect or induce) the purchase or sale of any Contract for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such Contract, or for the purpose of unduly or improperly influencing the market price of such Contract or for the purpose of making a price which does not reflect the true state of the market in such Contract. No Participant or Authorized User shall arrange and execute simultaneous offsetting buy and sell Orders in a Contract with intent to artificially affect reported revenues, trading volumes or prices.

(d) Market Manipulation. No Participant or Authorized User shall attempt to manipulate or manipulate the market in any Contract. No Participant or Authorized User shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation. This includes any pool, syndicate, or joint account, whether in corporate form or otherwise, organized or used intentionally for the purposes of unfairly influencing the market price of any Contract.

(e) Market Disruption. Orders entered on the Exchange for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant or Authorized User who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

(f) Gratuities. Except with the prior written approval of the Chief Regulatory Officer, no Participant or Authorized User shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, to an Exchange Official in an amount that exceeds the maximum value permitted by the Exchange’s gifts and entertainment policy.

(g) Disruptive Trading Practices. No Participant or Authorized User shall engage in any trading, practice, or conduct that constitutes a “disruptive trading practice,” as such term is defined by the CEA and CFTC Rules.

(h) Rumors. No Participant or Authorized User shall knowingly circulate, in any manner, rumors of a character which might affect market conditions in any Contract; provided, however, that this shall not prohibit discussion of unsubstantiated information, so long as its source and unverified nature are disclosed.

(i) False Reports. No Participant or Authorized User shall make any knowing

misstatement of a material fact to the Exchange, any Exchange Official, or any Board committee or Exchange panel. No Participant or Authorized User shall knowingly disseminate false or misleading reports regarding Transactions to the Exchange.

(j) Wash Sales. No Participant or Authorized User shall place or accept buy and sell Orders in the same product and expiration month, where known or reasonably should know that the purpose of the Orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders by Participants or Authorized Users that are entered with the intent to negate market risk or price competition shall be deemed to violate the prohibition on wash trades. Additionally, no Participant or Authorized User shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

(k) Financial Condition. No trading will be conducted for the purpose of misrepresenting the financial condition of a Participant or Authorized User.

(l) Acts Detrimental to the Exchange. No Participant or Authorized User shall engage in any act that is detrimental to the Exchange.

(m) Misuse of Bitnomial Exchange. No Participant or Authorized User shall permit the unauthorized use of the Exchange, to assist any Person in obtaining unauthorized access to the Exchange, to trade on the Exchange without an agreement and an established account with a Clearing Member, to alter the equipment associated with the Exchange (except with the Exchange's consent), to interfere with the operation of the Exchange, to intercept or interfere with information provided thereby, or in any way to use the Exchange in a manner contrary to the Rules.

(n) Supervision. A Participant shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of Authorized Users and supervised persons with the Rules and any applicable provisions of the CEA and CFTC Rules and such Participant may be held accountable for the actions of such Authorized Users or supervised persons.

(o) Disclosing Order Information. No Participant or Authorized User shall disclose an Order to buy or sell, except to a designated Exchange Official or the CFTC or as necessary to efficiently execute the Order nor shall any Participant solicit or induce another Participant or Authorized User to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

#### **Rule 403      Pre-Arranged, Pre-Negotiated and Noncompetitive Trades Prohibited**

(a) No Person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any Transaction, except as provided in Rule 403(b) or Rule 403(c).

(b) Participants and Authorized Users may engage in pre-execution communications with regard to transactions executed or to be executed on the Exchange

if one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the first party's Order, subject to the following restrictions:

- (i) A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
- (ii) Parties to pre-execution communications shall not disclose to a non-party the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this rule.
- (iii) The first party's Order must be entered into the Exchange first, and the second party's Order may not be entered into the Exchange until a period of fifteen (15) seconds has elapsed from the time entry of the first Order.